

EXHIBIT D

Baruch C. Cohen, Esq. (SBN 159455)
LAW OFFICE OF BARUCH C. COHEN
A Professional Law Corporation
4929 Wilshire Boulevard, Suite 940
Los Angeles, California 90010
Tel: (323) 937-4501 Fax: (888) 316-6107
email: baruchcohen@baruchcohenesq.com

Attorney For Plaintiffs Robert & Esther Mermelstein

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES ANA DIVISION

In re

Case No. 2:23-bk-10990-SK

LESLIE KLEIN,

Hon. Sandra Klein

Debtor and Debtor in Possession,

Chapter 11

ROBERT & ESTHER MERMELSTEIN,

**COMPLAINT FOR
NONDISCHARGEABILITY
OF DEBT PURSUANT TO 11 USC §
523(a)(2)(A), 11 USC § 523(a)(4), & 11
USC § 523(a)(6); & FOR DENIAL OF
DISCHARGE PURSUANT TO 11 USC
§ 727(a)(2)(A); 11 USC § 727(a)(2)(B);
11 USC § 727(a)(3); 11 USC § 727(a)(4);
11 USC § 727(a)(5)**

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LESLIE KLEIN
Defendant

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Defendant

LESLIE KLEIN
Defendant

**TO THE HONORABLE SANDRA R. KLEIN, UNITED STATES BANKRUPTCY
JUDGE, THE DEBTOR AND HIS COUNSEL, AND ALL OTHER INTERESTED
PARTIES:**

Plaintiffs-Creditors, Robert & Esther Mermelstein (“Plaintiffs”), complain for nondischargeability of debt & for denial of discharge against Defendant-Debtor, Leslie Klein (“Defendant”), and alleges respectfully as follows:

CORE/NON-CORE DESIGNATION

1. In accordance with Local Bankruptcy Rule 7008-1, Plaintiffs allege that this adversary proceeding constitutes a core proceeding under 28 USC § 157(b)(2). Plaintiffs acknowledge that the Court has the power to enter final orders and judgments in this

1 matter. Plaintiffs also consent to the Court's entry of final orders and judgments in this
2 matter under FRBP Rule 7008..

3 **JURISDICTION, VENUE & STANDING**

4 2. This adversary proceeding arises under *In re Klein*, 2:23-bk-10990-SK, a Chapter 11 case
5 commenced in the United States Bankruptcy Court for the Central District of California
6 (“Bankruptcy Case”). The Court has jurisdiction under 11 USC §§ 523 and 727, and 28
7 USC §§ 157 and 1334.

8 3. The venue is proper in this Court pursuant to 28 USC § 1409.

9 4. Plaintiffs have standing to bring this action because Plaintiffs are creditors in the
10 Bankruptcy Case under 11 USC § 101(10).

11 **PARTIES**

12 5. The following is a description of the relevant parties involved in the facts forming the
13 basis of this Complaint.

14 6. Plaintiffs are individuals, senior citizens residing in Brooklyn, NY.

15 7. Defendant is an individual, whose principal residence is in Los Angeles County,
16 California and who regularly conducted business from Los Angeles County, California.
17 Defendant was a certified public accountant, formerly licensed by the State of California,
18 and a former, and an attorney licensed by the State of California.¹ Defendant is the debtor
19 in the above-captioned Chapter 11 bankruptcy case.

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22 ¹ On September 10, 1992, the Supreme Court of the State of California, in State Bar
23 Court Case No. 86-O-14258, ordered that Defendant be suspended from the practice
24 of law for 18 months and further ordered that he take and pass the California
25 Professional Responsibility Examination (“CPRE”). Defendant failed the November
26 1993 and January 1994 CPREs. In Case No. 86-O-14258, Defendant admitted to
27 intentional misrepresentations. On August 3, 1995, the Supreme Court of the State
28 of California, in State Bar Court Case No. 92-O-11716 (consolidated with Case Nos.
93-O-11825, 94-O-13951, 94-O-12055, and 94-O-15901) ordered that Defendant be
suspended from the practice of law for one year. In Case No. 92-O-11716, as
consolidated, Defendant admitted to willful violations of Rules of Professional
Conduct concerning client trust accounts and conflicts of interest.

GENERAL ALLEGATIONS

8. The following general allegations form the background for the Plaintiffs' claims for relief
9. against Defendant.

4. Plaintiffs are family relatives of Defendant, are Orthodox Jews, and are the settlors and
5. beneficiaries of the Mermelstein Charitable Remainder Unitrust Dated July 27, 2009, (the
6. "Mermelstein Trust").

7. 10. Defendant, on behalf of The Klein Charitable Remainder Unitrust dated 2-20-1996 (the
8. "Klein Trust") solicited Plaintiffs to invest in at least seven (7) life insurance policies: (1)
9. Garza; (2) Times Square; (3) Ganz; (4) Spitzer; (5) Kohn; (6) Friedman; & (7)
10. Zimmerman.

GARZA

11. 11. On 8-3-2009, Defendant on behalf of The Klein Charitable Remainder Unitrust dated
12. 2-20-1996 (the "Klein Trust") entered into a Memorandum of Agreement for Joint
13. Venture (the "Garza Memo"). The purpose of the Garza Memo, was to purchase a
14. \$1,000,000.00 life insurance Policy ("Garza Policy"); American General on the life of
15. Emanuel Garza ("Garza"). In furtherance of the Garza Memo, Plaintiffs paid Klein
16. \$100,000.00 towards the purchase of the Garza Policy. Defendant instructed Plaintiffs to
17. make said payments to Defendant's IOLTA - Attorney Client Trust Account. Per the
18. Garza Memo, Defendant promised to pay the Mermelstein Trust \$500,000.00
19. (\$400,000.00 plus return of premiums paid; plus \$100,000.00).
20. 12. On 4-30-2021, Defendant executed a First Amendment to the Memorandum of
21. Agreement for Joint Venture (Garza), changing the recipient of the \$500,000.00 from the
22. Mermelstein Trust to Robert & Esther Mermelstein.
23. 13. Plaintiffs are informed and believe that Defendant sold 50% to the Garza Policy, to the
24. Longevity Fund of NY and partially to the Longevity Fund of Michigan without their
25. consent.
26. 14. Plaintiffs are informed and believe that Garza apparently died in 2018, and on or about 7-
27. 28.

1 2-2018, Defendant collected the Garza Proceeds, on the Garza Policy. Defendant
2 concealed this information from Plaintiffs, misappropriated & kept the Garza Proceeds
3 for himself, and failed to pay Plaintiffs the \$500,00.00 per the Garza Memo.

TIMES SQUARE

5 15. On 7-16-2012, Defendant issued Plaintiffs a Non-Recourse Promissory Note, in the
6 amount of \$333,333.00, due and payable by 7-16-2013, by Defendant on behalf of the
7 Times Square Media Inc., containing a “*Heter Iska*” document (an approved way of
8 restructuring a loan or debt so that it becomes an investment instead of a loan, per
9 *Halacha* - Jewish law).
10 16. Plaintiffs are informed and believe that Defendant had no intention of paying the Times
11 Square Non-Recourse Promissory Note, as Plaintiffs made no payments whatsoever.

GANZ

13 17. On 8-3-2009, Defendant on behalf of The Klein Charitable Remainder Unitrust dated
14 2-20-1996 (the “Klein Trust”) entered into a Memorandum of Agreement for Joint
15 Venture with plaintiffs (the “Ganz Memo”). The purpose of the Ganz Memo, was to
16 purchase a \$1,000,000.00 life insurance Policy (“Ganz Policy”); American General on
17 the life of Emanuel Ganz (“Ganz”). In furtherance of the Ganz Memo, Plaintiffs paid
18 Klein \$100,000.00 towards the purchase of the Ganz Policy. Defendant instructed
19 Plaintiffs to make said payments to Defendant’s IOLTA - Attorney Client Trust Account.
20 Per the Ganz Memo, Defendant promised to pay the Mermelstein Trust \$500,000.00
21 (\$400,000.00 plus return of premiums paid; plus \$100,000.00).
22 18. On 4-30-2021, Defendant executed a First Amendment to the Memorandum of
23 Agreement for Joint Venture (Ganz), changing the recipient of the \$500,000.00 from the
24 Mermelstein Trust to Robert & Esther Mermelstein.
25 19. Plaintiffs are informed and believe that Defendant apparently sold 50% to the Ganz
26 Policy, to the Longevity Fund of NY and partially to the Longevity Fund of Michigan,
27 without Plaintiff’s consent.

1 20. Plaintiffs are informed and believe that Ganz apparently died in 2018, and on or about 7-
2 2-2018, Defendant collected the Ganz Proceeds, on the Ganz Policy. Defendant
3 concealed this information from Plaintiffs, misappropriated & kept the Ganz Proceeds for
4 himself, and failed to pay Plaintiffs the \$500,00.00 per the Ganz Memo.

5 **SPITZER**

6 21. On 8-3-2009, Defendant on behalf of The Klein Charitable Remainder Unitrust dated
7 2-20-1996 (the “Klein Trust”) entered into a Memorandum of Agreement for Joint
8 Venture with Plaintiffs (the “Spitzer Memo”). The purpose of the Spitzer Memo, was to
9 make premium payments of a \$5,000,000.00 life insurance Policy Number: US
10 0023546L (“Spitzer Policy”); American General on the life of Malvine Spitzer
11 (“Spitzer”). In furtherance of the Spitzer Memo, Plaintiffs paid Defendant \$250,000.00
12 towards the purchase of the Spitzer Policy. Defendant instructed Plaintiffs to make said
13 payments to Defendant’s IOLTA - Attorney Client Trust Account. Per the Spitzer Memo,
14 Defendant promised to pay the Mermelstein Trust \$2,250,000.00 (\$2,000,000 plus
15 \$250,000 and all premiums paid of the proceeds).

16 22. On 4-30-2021, Defendant executed a First Amendment to the Memorandum of
17 Agreement for Joint Venture (Spitzer), changing the recipient of the \$2,250,000.00 from
18 the Mermelstein Trust to Robert & Esther Mermelstein.

19 23. Plaintiffs are informed and believe that Defendant apparently sold portions of the Spitzer
20 Policy, without their consent - but Plaintiffs do not know to whom. Defendant concealed
21 this information from Plaintiffs.

22 **KOHN**

23 24. On 3-10-2010, Defendant on behalf of The Klein Charitable Remainder Unitrust dated
24 2-20-1996 (the “Klein Trust”) entered into a Memorandum of Agreement for Joint
25 Venture with Plaintiffs (the “Kohn Memo”). The purpose of the Kohn Memo, was to
26 make premium payments of a \$3,000,000.00 life insurance Policy (“Kohn Policy”);
27 American General on the life of Eugene Kohn (“Kohn”). In furtherance of the Kohn
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1 Memo, Plaintiffs paid Defendant \$200,000.00 towards the purchase of the Kohn Policy.
2 Defendant instructed Plaintiffs to make said payments to Defendant's IOLTA - Attorney
3 Client Trust Account. Per the Kohn Memo, Defendant promised to pay the Mermelstein
4 Trust \$1,200,000.00 (\$200,000 and \$1,000,000 and all premiums paid of the proceeds).
5 25. On 4-30-2021, Klein executed a First Amendment to the Memorandum of Agreement for
6 Joint Venture (Kohn), changing the recipient of the \$1,200,000.00 from the Mermelstein
7 Trust to Robert & Esther Mermelstein.
8 26. Plaintiffs are informed and believe that Defendant paid premiums of the Kohn Policy up
9 to 2011. Thereafter, Defendant apparently sold portions or the entirety of the Kohn
10 Policy - without Plaintiffs' consent - to Life Capital Group, LLC ("LCG"), where Shlomo
11 Yehuda Rechnitz ("Rechnitz") was to resume paying the Kohn Policy premiums from
12 2011 onwards. Defendant concealed this information from Plaintiffs.
13 27. According to information recently received by Plaintiffs an unsigned Amended and
14 Restated Limited Liability Company Agreement of Life Capital Group, LLC, Defendant
15 and Rechnitz agreed that upon the death of Kohn, Defendant and Rechnitz would be
16 reimbursed the premiums that they paid, plus interest on the premiums. Thereafter,
17 Defendant and Rechnitz would split the profits 50/50 of the Kohn Policy, and that
18 Plaintiffs would receive their \$1,200,000.00.

19 **FRIEDMAN**

20 28. On 3-1-2010, Defendant on behalf of The Klein Charitable Remainder Unitrust dated
21 2-20-1996 (the "Klein Trust") entered into a Memorandum of Agreement for Joint
22 Venture with Plaintiffs (the "Friedman Memo"). The purpose of the Friedman Memo,
23 was to purchase a \$1,500,000.00 life insurance Policy ("Friedman Policy"); American
24 General on the life of Goldie Friedman ("Friedman"). In furtherance of the Friedman
25 Memo, Plaintiffs paid Klein \$250,000.00 towards the purchase of the Friedman Policy.
26 Defendant instructed Plaintiffs to make said payments to Defendant's IOLTA - Attorney
27 Client Trust Account. Per the Friedman Memo, Defendant promised to pay the
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1 Mermelstein Trust \$1,000,000.00 (\$250,000.00 and \$750,000.00 and all premiums paid
2 of the proceeds).

3 29. On 4-30-2021, Defendant executed a First Amendment to the Memorandum of
4 Agreement for Joint Venture (Friedman), changing the recipient of the \$1,000,000.00
5 from the Mermelstein Trust to Robert & Esther Mermelstein.

6 30. Plaintiffs are informed and believe that Defendant apparently sold portions of the
7 Friedman Policy, to the Longevity Fund of NY and partially to the Longevity Fund of
8 Michigan, without Plaintiff's consent.

9 31. Plaintiffs are informed and believe that Friedman apparently died in 2020, and Defendant
10 collected the Friedman Proceeds, on the Friedman Policy. Defendant concealed this
11 information from Plaintiffs, misappropriated & kept the Friedman Proceeds for himself,
12 and failed to pay Plaintiffs the \$1,000,000.00 per the Friedman Memo.

13 **ZIMMERMAN**

14 32. On 8-3-2009, Defendant on behalf of The Klein Charitable Remainder Unitrust dated
15 2-20-1996 (the "Klein Trust") entered into a Memorandum of Agreement for Joint
16 Venture with Plaintiffs (the "Zimmerman Memo"). The purpose of the Zimmerman
17 Memo, was to purchase a \$9,000,000.00 life insurance Policy ("Zimmerman Policy");
18 American General Policy # US 0023738L on the life of Rozy Pearl Zimmerman
19 ("Zimmerman"). In furtherance of the Zimmerman Memo, Plaintiffs paid Defendant
20 \$150,000.00 towards the purchase of the Zimmerman Policy. Defendant instructed
21 Plaintiffs to make said payments to Defendant's IOLTA - Attorney Client Trust Account.
22 Per the Zimmerman Memo, Defendant promised to pay the Mermelstein Trust
23 \$2,400,000.00 (\$2,250,000.00 plus \$150,000.00).

24 33. On 4-30-2021, Defendant executed a First Amendment to the Memorandum of
25 Agreement for Joint Venture (Zimmerman), changing the recipient of the \$2,400,000.00
26 from the Mermelstein Trust to Robert & Esther Mermelstein.

27 34. Plaintiffs are informed and believe that Defendant paid premiums of the Zimmerman
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1 Policy up to 2011. Thereafter, Defendant apparently sold portions or the entirety of the
2 Zimmerman Policy to Life Capital Group, LLC (“LCG”) - without Plaintiffs’ consent - ,
3 where Shlomo Yehuda Rechnitz (“Rechnitz”) was to resume paying the Zimmerman
4 Policy premiums from 2011 onwards. Defendant concealed this information from
5 Plaintiffs.

6 35. Defendant, as Trustee of the Rozy Pearl Zimmerman Irrevocable Life Insurance Trust
7 (the “Zimmerman Trust”) issued three Non-Recourse Promissory Notes (the
8 “Zimmerman Notes”) to Plaintiffs secured by the Zimmerman Policy in the amount of
9 \$2,357,679.50:

- 10 a. Non-Recourse Promissory Notes # 1, principal sum of \$1,412,679.53, dated June
11 15, 2011 - due June 15, 2020 (the “\$1,412,679.53 Zimmerman Note”);
12 b. Non-Recourse Promissory Notes # 2, principal sum of \$570,000.00, dated
13 December 7, 2009 - due December 7, 2019 (the: “\$570,000.00 Zimmerman
14 Note”);
15 c. Non-Recourse Promissory Notes # 2, principal sum of \$375,000.00, dated
16 January 14, 2010 - due January 14, 2020 (the “\$375,000.00 Zimmerman Note”).
17 d. Interest on the three Non-Recourse Zimmerman Notes until 4-30-2023 comes to
18 \$2,939,936.84. Therefore the total amount of the claim is: \$7,697,616.34
19 (\$2,400,000.00 (Zimmerman Policy) + \$2,357,679.50 (3 Zimmerman Notes) +
20 2,939,936.84 (interest) = \$7,697,616.34.

21 36. According to information recently received by Plaintiffs, an unsigned Amended and
22 Restated Limited Liability Company Agreement of Life Capital Group, LLC, Defendant
23 and Rechnitz agreed that upon the death of Zimmerman, Defendant and Rechnitz would
24 be reimbursed the premiums that they paid, plus interest on the premiums. Thereafter,
25 Defendant and Rechnitz would split the profits 50/50 of the Zimmerman Policy, and that
26 Plaintiffs would receive their \$2,400,000.00. Defendant concealed this information from
27 Plaintiffs.

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PERIODIC PAYMENTS TO PLAINTIFFS FROM DEFENDANT'S IOLTA ACCOUNT

37. During this entire time, Defendant repeatedly assured Plaintiffs that their investments in the 7 policies were secure and accruing interest. Defendant mailed Plaintiffs periodic monthly checks of \$5,000.00 issued from Defendant's IOLTA - Attorney Client Trust Account.

PLAINTIFFS' DISCOVERY OF DEFENDANT'S FRAUD

38. On or about 1-21-2021, Plaintiffs discovered the above-referenced frauds and concealment.

39. On or about 6-22-2022, Defendant wrote Plaintiffs assuring them that their investments were “secure” when in reality, Defendant sold them off to third parties without Plaintiffs’ consent:

I received you e mail and I disagree. I paid in on the Zberman policy over \$1,000,000. The interest for the last 10 years is over \$2,300,000 . I also own 25% of the profits. **You are well secured.** You can call me if you have any questions. [Emphasis Added]

40. On or about 7-18-2022, Defendant wrote Plaintiffs admitting that he used Plaintiffs' monies from the Friedman Garza and Gans to pay for his legal fees in his lawsuit with Rechnitz.

I got your email. I want to make it very clear we are family and I don't want to fight. I think I can make a deal with Rechnitz because I have the best lawyers in LA. If not we will go to court. I have big leverage on Rechnitz due to the Menlo case. I am not assigning the Zimmerman case to you. ***I am using the money from the Friedman Garza and Gans cases for attorney fees in the Rechnitz case.*** On Zimmerman Rechnitz and I paid \$4,000,000 in premiums but it is return of premium. We also gave Mrs Zimmerman \$200,000. I am sure they will sue to get more. It is a big policy and all big policies have big fights. [Emphasis Added]

PLAINTIFFS' PROOF OF CLAIMS

41. Plaintiffs timely filed seven (7) *Proofs of Claim* against Defendant totaling \$13,480,949, primarily based on Defendant misappropriating insurance policies and the proceeds, as follows:

- a. Claim # 19-1 (Garza) \$500,000.00;
- b. Claim # 20-1 (Times Square) \$333,333.00;

- c. Claim # 21-1 (Ganz) \$500,000.00;
- d. Claim # 22-1 (Spitzer) \$2,250,000.00;
- e. Claim # 23-1 (Kohn) \$1,200,000.00;
- f. Claim # 24-1 (Friedman) \$1,000,000.00; &
- g. Claim # 25-2 (Zimmerman) \$7,697,616.34.

TOTAL: **\$13,480,949**

FIRST CLAIM FOR RELIEF
(Nondischargeability of Debt - 11 USC § 523(a)(2)(A))

42. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations in this Complaint as though fully set forth herein.
43. At all relevant times, Defendant acted as Plaintiffs' fiduciary - investment adviser. Plaintiffs entrusted Defendant implicitly with their investments in the insurance policies.
44. Defendant owed Plaintiffs fiduciary duties at all relevant times, including the duty of loyalty and candor. Defendant further owed a duty to use Plaintiffs' funds for legitimate business purposes and to refrain from using their funds and other property for his own personal non-business purposes.
45. Defendant embezzled and stole from Plaintiffs. Defendant misrepresented the above-referenced information to Plaintiffs for the purpose of convincing Plaintiffs to invest in additional policies into Defendant's IOLTA client trust account. Defendant then stole more than \$13,480,949 of Plaintiffs' money in a complicated life insurance scam, constituting intentional fraudulent, fraudulent concealment, breach of fiduciary duty and elder abuse.
46. Defendant's misappropriation of Plaintiffs' funds and other property was unauthorized, without their consent and fraudulent. Defendant acted with the intent to permanently deprive Plaintiffs of the possession, use and benefit of their funds and other property.
47. As a result of Defendant's unauthorized and fraudulent misappropriation of Plaintiffs' funds and other property and Defendant's false pretenses, false representations, and actual fraud set forth herein, Plaintiffs have suffered damages in the amount of not less

1 than \$13,480,949.

2 48. Defendant's debt to Plaintiffs is nondischargeable under 11 USC § 523(a)(2) because it

3 was incurred as a result of false pretenses, false representations, and actual fraud.

4 49. The damages arising from Defendant's willful and malicious false pretenses, false

5 representation and actual fraud to Plaintiffs constitutes a debt against Defendant that is

6 nondischargeable pursuant to 11 USC § 523(a)(2)(A).

7 **SECOND CLAIM FOR RELIEF**
8 **(Nondischargeability of Debt - 11 USC § 523(a)(4))**

9 50. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations

10 in this Complaint as though fully set forth herein.

11 51. At all relevant times, Defendant acted as Plaintiffs' fiduciary - investment adviser.

12 Plaintiffs entrusted Defendant implicitly with their investments in the insurance policies.

13 52. Defendant owed Plaintiffs fiduciary duties at all relevant times, including the duty of

14 loyalty and candor. Defendant further owed a duty to use Plaintiffs' funds for legitimate

15 business purposes and to refrain from using their funds and other property for his own

16 personal non-business purposes.

17 53. Defendant embezzled and stole from Plaintiffs. Defendant misrepresented the above-

18 referenced information to Plaintiffs for the purpose of convincing Plaintiffs to invest in

19 additional policies into Defendant's IOLTA client trust account. Defendant then stole

20 more than \$13,480,949 of Plaintiffs' money in a complicated life insurance scam,

21 constituting intentional fraudulent, fraudulent concealment, breach of fiduciary duty and

22 elder abuse.

23 54. Defendant's misappropriation of Plaintiffs' funds and other property was unauthorized,

24 without their consent and fraudulent. Defendant acted with the intent to permanently

25 deprive Plaintiffs of the possession, use and benefit of their funds and other property.

26 55. As a result of Defendant's unauthorized and fraudulent misappropriation of Plaintiffs'

27 funds and other property and Defendant's false pretenses, false representations, and

28 actual fraud set forth herein, Plaintiffs have suffered damages in the amount of not less

1 than \$13,480,949.

2 56. The damages to Plaintiffs arising from Defendant's fraud, defalcation, embezzlement and
3 larceny while acting in a fiduciary capacity constitutes a debt against Defendant that is
4 non-dischargeable pursuant to 11 USC § 523(a)(4).

5 **THIRD CLAIM FOR RELIEF**
6 **(Nondischargeability of Debt - 11 USC § 523(a)(6))**

7 57. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations
8 in this Complaint as though fully set forth herein.

9 58. At all relevant times, Defendant acted as Plaintiffs' fiduciary - investment adviser.
10 Plaintiffs entrusted Defendant implicitly with their investments in the insurance policies.

11 59. Defendant owed Plaintiffs fiduciary duties at all relevant times, including the duty of
12 loyalty and candor. Defendant further owed a duty to use Plaintiffs' funds for legitimate
13 business purposes and to refrain from using their funds and other property for his own
14 personal non-business purposes.

15 60. Defendant embezzled and stole from Plaintiffs. Defendant misrepresented the above-
16 referenced information to Plaintiffs for the purpose of convincing Plaintiffs to invest in
17 additional policies into Defendant's IOLTA client trust account. Defendant then stole
18 more than \$13,480,949 of Plaintiffs' money in a complicated life insurance scam,
19 constituting intentional fraudulent, fraudulent concealment, breach of fiduciary duty and
20 elder abuse.

21 61. Defendant's misappropriation of Plaintiffs' funds and other property was unauthorized,
22 without their consent and fraudulent. Defendant acted with the intent to permanently
23 deprive Plaintiffs of the possession, use and benefit of their funds and other property.

24 62. As a result of Defendant's unauthorized and fraudulent misappropriation of Plaintiffs'
25 funds and other property and Defendant's false pretenses, false representations, and
26 actual fraud set forth herein, Plaintiffs have suffered damages in the amount of not less
27 than \$13,480,949.

28 63. The damages to Plaintiffs arising from Defendant's willful and malicious injury to

1 Plaintiffs constitutes a debt against Defendant that is non-dischargeable pursuant to 11
2 USC § 523(a)(6).

3 **FOURTH CAUSE OF ACTION**
4 **(Objection to Debtor's Discharge 11 USC § 727(a)(2)(A))**

5 64. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations
6 in this Complaint as though fully set forth herein.

7 65. Plaintiffs are informed and believe that within one year before the Petition, Defendant
8 transferred, removed, and/or concealed, or permitted to be transferred, removed, and/or
9 concealed, Defendant's property.

10 66. As of the dates of the transfers, removals, and/or concealments of Defendant's property,
11 Defendant had one or more unsecured creditors.

12 67. The transfers, removals, and/or concealments of Defendant's property prevented the
13 distribution of Defendant's property to Defendant's unsecured creditors.

14 68. Defendant, with intent to hinder, delay, and/or defraud at least one of Defendant's
15 creditors, including, without limitation, Plaintiffs, transferred, removed, and/or
16 concealed, or permitted to be transferred, removed, and/or concealed, Defendant's
17 property.

18 69. By transferring, removing, concealing, and/or permitting the transfer, removal, and/or
19 concealment of Defendant's property with the intent to hinder, delay, and/or defraud at
20 least one of Defendant's creditors, Defendant violated 11 USC § 727(a)(2)(A).

21 70. Defendant failed to list valuable property on his schedule of assets and failed in his
22 statement of affairs to disclose property transfers.

23 71. Defendant has a reckless indifference to the truth.

24 **FIFTH CAUSE OF ACTION**
25 **(Objection to Debtor's Discharge 11 USC § 727(a)(2)(B))**

26 72. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations
27 in this Complaint as though fully set forth herein.

28 73. Plaintiffs are informed and believe that After the Petition, Defendant transferred,

1 removed, concealed, and/or permitted to be transferred, removed, and/or concealed,
2 property of the Bankruptcy estate.

3 74. As of the dates of the transfers, removals, and/or concealments of the property of the
4 estate, Defendant had one or more unsecured creditors.

5 75. The transfers, removals, and/or concealments of the property of the estate prevented the
6 distribution of this property to Defendant's unsecured creditors.

7 76. Defendant, with intent to hinder, delay, and/or defraud at least one of Defendant's
8 creditors, transferred, removed, and/or concealed, or permitted to be transferred,
9 removed, and/or concealed, property of the estate.

10 77. By transferring, removing, concealing, and/or permitting the transfer, removal, and/or
11 concealment of estate property, with the intent to hinder, delay, and/or defraud at least
12 one of Defendant's creditors, Defendant violated 11 USC § 727(a)(2)(B).

13 78. Defendant failed to list valuable property on his schedule of assets and failed in his
14 statement of affairs to disclose property transfers.

15 79. Defendant has a reckless indifference to the truth.

16 **SIXTH CAUSE OF ACTION**
17 **(Objection to Debtor's Discharge 11 USC § 727(a)(3))**

18 80. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations
19 in this Complaint as though fully set forth herein.

20 81. Plaintiffs are informed and believe that Defendant has not maintained adequate books
21 and records from which Debtor's financial condition can be ascertained. Debtor has
22 consistently not maintained adequate books and records. His failure to keep adequate
23 books and records is not justified considering the circumstances articulated in this
24 Complaint.

25 82. Defendant has concealed, destroyed, falsified, and/or failed to keep or preserve
26 information from which Defendant's financial condition and/or business transactions
27 might be ascertained.

28 83. Defendant has not been cooperative with the Office of the United States Trustee

1 ("OUST") or with his creditors. Defendant has intentionally withheld records, books,
2 documents, and/or other papers relating to Defendant's property and/or financial affairs.
3 84. Considering the foregoing, Defendant's discharge must be denied under 11 USC §
4 727(a)(3).

5 **SEVENTH CAUSE OF ACTION**
6 **(Objection to Debtor's Discharge 11 USC § 727(a)(4)**

7 85. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations
8 in this Complaint as though fully set forth herein.
9 86. Plaintiffs are informed and believe that Defendant has not made simple isolated errors or
10 omissions in his Bankruptcy filings. Defendant's filings, such as his schedules and
11 statement of affairs, do not reflect inadvertence or incompetence; rather, they exhibit
12 fraudulent intent.
13 87. Defendant has a pattern of misleading conduct.
14 88. Defendant has a reckless indifference to the truth.
15 89. Defendant has failed to list assets in his schedules.
16 90. Defendant has falsely testified in the 341 Meeting.²

17 2 At the 3-13-2023 341(a) Meeting, Defendant at circa 11:15 testified in response to
18 omissions to be brought to the attention of the United States Trustee ("UST"), that
19 there were only "three minor errors" which he thought that his attorney corrected.
20 Defendant testified that there were "no" errors related to any assets that he owns. At
21 circa 12:52, Defendant testified that he identified all assets on his schedules.
22 Defendant at circa 1:18:30-1:09:21 testified that in the year before the Bankruptcy,
23 he received no commissions from his third-party life insurance deals. At circa
24 1:20:18, Defendant testified that he has not ever collected money on his third-party
25 life insurance deals. At circa 1:22:18, Defendant testified that he has never received
26 a payoff on his third-party life insurance deals. At circa 1:23:21, Defendant testified
27 that four people have died and that he has received no money. Defendant at circa
28 1:39:00 testified, in response to whether he had transactions with Shlomo Rechnitz
in the last five or six months relating to the thirdparty life insurance policies, "nope."
Defendant testified that he does not remember paying the premiums for these
policies out of his attorney client trust account at any time. Defendant at circa
1:40:03 testified that he does not remember depositing his own funds into his
attorney-client trust account so that these insurance premiums could be paid. In
response to the question of whether Defendant traveled out of the country anywhere
recently, other than Israel, Defendant at circa 2:23:00 testified, "nope." In response

- 1 91. Defendant has knowingly and fraudulently made false oaths and/or accounts in the
- 2 Bankruptcy Case.
- 3 92. Defendant has failed to provide records which are necessary for the OUST and his
- 4 creditors to properly understand Defendant's financial condition and/or recent business
- 5 transactions.
- 6 93. Considering the foregoing, Defendant's discharge must be denied under 11 USC §
- 7 727(a)(4).

8 **EIGHTH CAUSE OF ACTION**
9 **(Objection to Debtor's Discharge 11 USC § 727(a)(5)**

- 10 94. Plaintiffs reallege and incorporate by reference all of the prior and subsequent allegations
- 11 in this Complaint as though fully set forth herein.
- 12 95. Defendant has failed to explain satisfactorily his deficiency and/or loss of assets to meet
- 13 Debtor's liabilities. No determination has yet been made of an entitlement to a discharge
- 14 in this Bankruptcy Case.
- 15 96. Considering the foregoing, Defendant's discharge must be denied under 11 USC §
- 16 727(a)(5).

17 **PRAYER FOR RELIEF**

18 WHEREFORE, Plaintiffs request judgment on the Complaint as follows:

- 19 1. On the First Claim for Relief, Plaintiffs seek an order determining that Defendant is
- 20 indebted to Plaintiffs in an amount not less than \$13,480,949 and that Defendant's debt is
- 21 excepted from discharge pursuant to 11 USC § 523(a)(2)(A);
- 22 2. On the Second Claim for Relief, Plaintiffs seek an order determining that Defendant is
- 23 indebted to Plaintiffs in an amount not less than \$13,480,949 and that Defendant's debt is
- 24 excepted from discharge pursuant to 11 USC § 523(a)(4);
- 25 3. On the Third Claim for Relief, Plaintiffs seek an order determining that Defendant is

26 to the question of whether Defendant has bank accounts in Israel, Defendant at circa
27 2:26:48 testified, "nope." Defendant at circa 2:59:15 testified that he has not
28 transferred any assets within the last year to a third party. Defendant at circa 2:59:33
testified that he has not given any gifts more than \$12,000.00 to his family.

1 indebted to Plaintiffs in an amount not less than \$13,480,949 and that Defendant's debt is
2 excepted from discharge pursuant to 11 USC § 523(a)(6);
3 4. On the Fourth Claim for Relief, Plaintiffs seek an order denying Defendant his discharge
4 pursuant to 11 USC § 727(a)(2)(A);
5 5. On the Fifth Claim for Relief, Plaintiffs seek an order denying Defendant his discharge
6 pursuant to 11 USC § 727(a)(2)(B);
7 6. On the Sixth Claim for Relief, Plaintiffs seek an order denying Defendant his discharge
8 pursuant to 11 USC § 727(a)(3);
9 7. On the Seventh Claim for Relief, Plaintiffs seek an order denying Defendant his
10 discharge pursuant to 11 USC § 727(a)(4);
11 8. On the Eighth Claim for Relief, Plaintiffs seek an order denying Defendant his discharge
12 pursuant to 11 USC § 727(a)(5);
13 9. For costs of suit incurred herein; and
14 10. For such other and further relief as the Court may deem appropriate.

15 DATED: May 12, 2023

16 LAW OFFICE OF BARUCH C. COHEN
A Professional Law Corporation

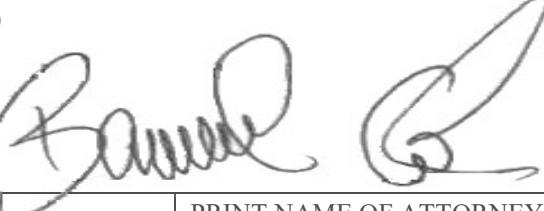
17 By /S/ Baruch C. Cohen
18 Baruch C. Cohen, Esq.
19 *Attorney For Creditors Robert & Esther
Mermelstein*

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B1040 (FORM 1040) (12/15)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)												
PLAINTIFFS ROBERT & ESTHER MERMELSTEIN		DEFENDANTS LESLIE KLEIN												
ATTORNEYS (Firm Name, Address, and Telephone No.) Baruch C. Cohen, Esq. (SBN 159455) (323) 937-4501 LAW OFFICE OF BARUCH C. COHEN, A Professional Law Corporation 4929 Wilshire Boulevard, Suite 940, Los Angeles CA 90010		ATTORNEYS (If Known)												
PARTY (Check One Box Only) <table> <tr> <td><input type="checkbox"/> Debtor</td> <td><input type="checkbox"/> U.S. Trustee/Bankruptcy Admin</td> </tr> <tr> <td><input checked="" type="checkbox"/> Creditor</td> <td><input type="checkbox"/> Other</td> </tr> <tr> <td><input type="checkbox"/> Trustee</td> <td></td> </tr> </table>		<input type="checkbox"/> Debtor	<input type="checkbox"/> U.S. Trustee/Bankruptcy Admin	<input checked="" type="checkbox"/> Creditor	<input type="checkbox"/> Other	<input type="checkbox"/> Trustee		PARTY (Check One Box Only) <table> <tr> <td><input checked="" type="checkbox"/> Debtor</td> <td><input type="checkbox"/> U.S. Trustee/Bankruptcy Admin</td> </tr> <tr> <td><input type="checkbox"/> Creditor</td> <td><input type="checkbox"/> Other</td> </tr> <tr> <td><input type="checkbox"/> Trustee</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Debtor	<input type="checkbox"/> U.S. Trustee/Bankruptcy Admin	<input type="checkbox"/> Creditor	<input type="checkbox"/> Other	<input type="checkbox"/> Trustee	
<input type="checkbox"/> Debtor	<input type="checkbox"/> U.S. Trustee/Bankruptcy Admin													
<input checked="" type="checkbox"/> Creditor	<input type="checkbox"/> Other													
<input type="checkbox"/> Trustee														
<input checked="" type="checkbox"/> Debtor	<input type="checkbox"/> U.S. Trustee/Bankruptcy Admin													
<input type="checkbox"/> Creditor	<input type="checkbox"/> Other													
<input type="checkbox"/> Trustee														
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) COMPLAINT FOR NONDISCHARGEABILITY OF DEBT PURSUANT TO 11 USC § 523(a)(2)(A), 11 USC § 523(a)(4), & 11 USC § 523(a)(6); & FOR DENIAL OF DISCHARGE PURSUANT TO 11 USC § 727(a)(2)(A); 11 USC § 727(a)(2)(B); 11 USC § 727(a)(3); 11 USC § 727(a)(4); 11 USC § 727(a)(5)														
NATURE OF SUIT														
(Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)														
FRBP 7001(1) – Recovery of Money/Property <ul style="list-style-type: none"> <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other 		FRBP 7001(6) – Dischargeability (continued) <ul style="list-style-type: none"> <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input checked="" type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other 												
FRBP 7001(2) – Validity, Priority or Extent of Lien <ul style="list-style-type: none"> <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property 		FRBP 7001(7) – Injunctive Relief <ul style="list-style-type: none"> <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other 												
FRBP 7001(3) – Approval of Sale of Property <ul style="list-style-type: none"> <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) 		FRBP 7001(8) Subordination of Claim or Interest <ul style="list-style-type: none"> <input type="checkbox"/> 81-Subordination of claim or interest 												
FRBP 7001(4) – Objection/Revocation of Discharge <ul style="list-style-type: none"> <input checked="" type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) 		FRBP 7001(9) Declaratory Judgment <ul style="list-style-type: none"> <input type="checkbox"/> 91-Declaratory judgment 												
FRBP 7001(5) – Revocation of Confirmation <ul style="list-style-type: none"> <input type="checkbox"/> 51-Revocation of confirmation 		FRBP 7001(10) Determination of Removed Action <ul style="list-style-type: none"> <input type="checkbox"/> 01-Determination of removed claim or cause 												
FRBP 7001(6) – Dischargeability <ul style="list-style-type: none"> <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input checked="" type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input checked="" type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny 		Other <ul style="list-style-type: none"> <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et.seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case) 												
<input type="checkbox"/> Check if this case involves a substantive issue of state law		<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23												
<input type="checkbox"/> Check if a jury trial is demanded in complaint		Demand \$ 13,480,949												
Other Relief Sought														

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR LESLIE KLEIN	BANKRUPTCY CASE NO. 2:23-bk-10990-SK	
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISION OFFICE Los Angeles	NAME OF JUDGE Klein
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)		
		
DATE 5/12/2023	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Baruch C. Cohen, Esq.	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address Baruch C. Cohen, Esq. (SBN 159455) LAW OFFICE OF BARUCH C. COHEN A Professional Law Corporation 4929 Wilshire Boulevard, Suite 940 Los Angeles, California 90010 (323) 937-4501 Facsimile: (888) 316-6107 Email: baruchcohen@baruchcohenesq.com	FOR COURT USE ONLY
<i>Attorney for Plaintiff</i>	
UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION	
In re: LESLIE KLEIN	CASE NO.: 2:23-bk-10990-SK CHAPTER: 11 ADVERSARY NO.: Debtor(s).
ROBERT & ESTHER MERMELSTEIN LESLIE KLEIN	Plaintiff(s) Versus SUMMONS AND NOTICE OF STATUS CONFERENCE IN ADVERSARY PROCEEDING [LBR 7004-1] Defendant(s)

TO THE DEFENDANT: A Complaint has been filed by the Plaintiff against you. If you wish to defend against the Complaint, you must file with the court a written pleading in response to the Complaint. You must also serve a copy of your written response on the party shown in the upper left-hand corner of this page. The deadline to file and serve a written response is _____. If you do not timely file and serve the response, the court may enter a judgment by default against you for the relief demanded in the Complaint.

A status conference in the adversary proceeding commenced by the Complaint has been set for:

Hearing Date: _____	Address:
Time: _____	<input type="checkbox"/> 255 East Temple Street, Los Angeles, CA 90012
Courtroom: _____	<input type="checkbox"/> 3420 Twelfth Street, Riverside, CA 92501
	<input type="checkbox"/> 411 West Fourth Street, Santa Ana, CA 92701
	<input type="checkbox"/> 1415 State Street, Santa Barbara, CA 93101
	<input type="checkbox"/> 21041 Burbank Boulevard, Woodland Hills, CA 91367

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

You must comply with LBR 7016-1, which requires you to file a joint status report and to appear at a status conference. All parties must read and comply with the rule, even if you are representing yourself. You must cooperate with the other parties in the case and file a joint status report with the court and serve it on the appropriate parties at least 14 days before a status conference. A court-approved joint status report form is available on the court's website (LBR form F 7016-1.STATUS.REPORT) with an attachment for additional parties if necessary (LBR form F 7016-1.STATUS.REPORT.ATTACH). If the other parties do not cooperate in filing a joint status report, you still must file with the court a unilateral status report and the accompanying required declaration instead of a joint status report 7 days before the status conference. **The court may fine you or impose other sanctions if you do not file a status report. The court may also fine you or impose other sanctions if you fail to appear at a status conference.**

**KATHLEEN J. CAMPBELL
CLERK OF COURT**

Date of Issuance of Summons and Notice of Status Conference in Adversary Proceeding: _____

By: _____
Deputy Clerk

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

A true and correct copy (1) of the foregoing document entitled: **SUMMONS AND NOTICE OF STATUS CONFERENCE IN ADVERSARY PROCEEDING [LBR 7004-1]** and (2) the accompanying pleading(s) entitled:

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (date) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Date

Printed Name

Signature